

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER

00-15

2. STATE:

ILLINOIS

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:

December 15, 2000

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT

a. FFY '01 \$ (21,000,000)
b. FFY '02 \$ (27,000,000)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, page 32 and Page 33

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-B, page 32 and Page 33

10. SUBJECT OF AMENDMENT:

Prescribed Drugs

11. GOVERNOR'S REVIEW (Check One)

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Not submitted for review by prior approval.

12. SIGNATURE OF AGENCY OFFICIAL:

Ann Patla

13. TYPED NAME:

Ann Patla

14. TITLE:

DIRECTOR

15. DATE SUBMITTED

12-22-00

16. RETURN TO:

**ILLINOIS DEPARTMENT OF PUBLIC AID
201 SOUTH GRAND AVENUE, EAST
SPRINGFIELD, IL. 62763-0001
ATTENTION: John Rupcich**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

12/22/00

18. DATE APPROVED:

7/18/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

12/15/00

20. SIGNATURE OF REGIONAL OFFICIAL:

[Signature]

21. TYPED NAME

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

ack

Attachment 4.19-B

Page 32

State IllinoisMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPE OF CARE -
BASIS FOR REIMBURSEMENT

3. RURAL HEALTH CLINICS: Depending on type of clinic in which services are provided. Hospitals and encounter rate clinics: same as described in 1 and 2, respectively. For others and for non-Medicare covered services, fee-for-service subject to Department's established pricing screens.
- 12/00 4. PRESCRIBED DRUGS:
~~Effective July 1, 1995,~~ Effective December 15, 2000, pharmacies will be reimbursed for prescribed drugs on the following basis: the lower of either their usual and customary charge to the general public, or the lower of:
- | | | | | |
|-------|----|---|---|---|
| 12/00 | a. | Single source legend products | - | standard package size AWP of NDC on claim, less 10%, plus a dispensing fee <u>or the wholesale acquisition cost plus 8% plus a dispensing fee a professional</u> |
| 12/00 | b. | Multiple source legend products not approved for generic interchange by the Illinois Department of Public Health | - | standard package size AWP of NDC on claim, less 12% <u>plus a dispensing fee or wholesale acquisition cost plus 12% plus a dispensing fee or HCFA FUL plus a professional dispensing fee</u> |
| 12/00 | c. | Multiple source legend products approved for generic interchange by the Illinois Department of Public Health, but not on the HCFA FUL list | - | lower of standard package size AWP of NDC on claim, less 12%, plus a dispensing fee <u>or a State upper limit plus a dispensing fee or wholesale acquisition cost plus 12% plus a dispensing fee</u> |
| 12/00 | d. | Multiple source legend products approved for generic interchange by the Illinois Department of Public Health, <u>and</u> on the HCFA FUL list | - | lower of standard package size AWP of NDC claim, less 12% plus a dispensing fee <u>or State Upper Limit generic reference AWP less 12% plus a dispensing fee or HCFA FUL unit price plus a dispensing fee or wholesale acquisition cost plus 12% plus a dispensing fee</u> |
| 12/00 | e. | Single and multiple source legend products for which the average wholesale price is <u>actual market average wholesale price</u> | - | <u>actual market wholesale cost plus dispensing fee</u> |

TN# 00-15
Supercedes
TN# 00-11

Approval Date

JUL 18 2001

Effective Date 12-15-00

Attachment 4.19-B
Page 33

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPE OF CARE - BASIS FOR REIMBURSEMENT

12/00 DISPENSING FEES: Dispensing fees are based on a flat rate methodology of \$4.17 for brand name and generic drugs.

HCFA FUL limits will not be imposed on Schedule II, Controlled Substances, due to the Illinois Triplicate Prescription Program or products not approved for generic interchange by the Illinois Department of Public Health. When such generic products are approved for interchange by the Department of Public Health, State upper limit prices commonly referred to as (MAC) prices will be imposed in accordance with 4. above.

7/98 The use of some generic prices lower than the HCFA FUL, as described in 4 above, will ensure that aggregate reimbursement will not exceed the overall limits imposed by the HCFA FULs.

Drug prices are updated weekly utilizing a tape procured from the First Data Bank of San Bruno, California.

5. OVER-THE-COUNTER DRUGS: Lesser of the usual and customary charge to the general public or the Wholesale cost plus up to 50 percent.
6. OTHER LABORATORY AND X-RAY SERVICES: Lesser of the usual and customary charge to the general public or statewide maximums established by the Department not to exceed the upper limits specified in Federal regulations.
7. PHYSICIAN'S SERVICES: Reimbursement for physician services are at the physician's usual and customary charges, not to exceed the maximum established by the Department. Initially, maximum fee-for-service rates were established in 1978 when the Department reviewed the average charges for each of the allowable services. The Department agreed to set the statewide maximum amount at 70 percent of the average charge by physician. Annually the Department analyzes cost information and procedure code utilization of physician bills presented for Medicaid reimbursement of services rendered. The rate maximums are periodically adjusted based upon the above factors.

4/93-

Providers statewide who meet the participation requirements for the Maternal and Child Health Program or qualify by the exception process receive enhanced reimbursement rates for services provided to pregnant women and children through age 20 who are participants in the MCH Program. The enhanced rates include:

- payment for performing a prenatal risk assessment (\$15);
- payment for performing risk assessments on children (\$15);
- increased reimbursement for deliveries (\$400 additional);
- a \$10 increase in the EPSDT screening rate; and
- an 8 percent increase in the reimbursement rate for office visits for children.

TN# 00-15
Supersedes
TN#98-14

Approval Date _____

Effective Date 12-15-00

300 15 2001

**LEGAL NOTICE
PUBLIC NOTICE**

**PROPOSED CHANGES IN METHODS AND STANDARDS
FOR ESTABLISHING MEDICAL ASSISTANCE PAYMENT RATES**

**STATE OF ILLINOIS
DEPARTMENT OF PUBLIC AID**

The Illinois Department of Public Aid (IDPA) proposes several changes in methods and standards for establishing payment rates under the Illinois Medical Assistance Program. The following describes the proposed methodological changes:

Prescribed and over the counter drugs

The IDPA has made changes relating to the Public Notice published the week of November 20, as a result of comments received. These changes are effective for dates provided on or after December 15, 2000. The IDPA will amend the *Illinois Administrative Code* and the *Illinois Medicaid State Plan*, in order to add an additional reimbursement methodology for calculating its maximum price for prescription drugs - for brand name drugs, the wholesale acquisition cost, plus 8 percent, and for generic drugs, the wholesale acquisition cost, plus 12 percent. The Department will continue its process of evaluating and assigning State Upper Limits (commonly called a state MAC) for all drugs listed in the Illinois Formulary for Drug Product Selection. The Department will also modify its dispensing fee methodology and establish a \$4.17 flat fee rate for all brand name and generic drugs. The *Illinois Administrative Code* and the *Illinois Medicaid State Plan* will be further amended to reimburse over-the-counter drugs at a rate equal to the average wholesale price, plus up to 25%. As a result of these changes, annual expenditures are expected to decrease by approximately \$52 million. This notice is being provided in accordance with federal requirements at 42 CFR 447.205.

Inpatient hospital services

Effective for inpatient admissions occurring on or after April 1, 2001, the IDPA proposes to amend the *Illinois Administrative Code* and the *Illinois Medicaid State Plan*, in order to implement a new program called Tertiary Care Adjustment Payments. Tertiary Care Adjustment Payments shall be made to all eligible hospitals excluding county owned hospitals, as described in the 89 *Illinois Administrative Code* section 148.25(b)(1)(A), and hospitals organized under the *University of Illinois Hospital Act*. The qualification criteria and payment methodology will be outlined in the *Illinois Administrative Code*.

**Time, place, and manner in which interested persons may
comment on the proposed rate and methodological changes**

Any interested party may submit comments, data, views, or arguments concerning these proposed rate and reimbursement methodology changes. All comments must be in writing and should be addressed to:

Dawn Claborn
Bureau of Program and Reimbursement Analysis
Division of Medical Programs
Illinois Department of Public Aid
201 South Grand Avenue East
Springfield, Illinois 62763-0001

E-mail address: aidd2372@mail.idpa.state.il.us

Comments regarding these changes must be received as soon as possible, but no later than December 14, 2000.

Any interested persons may review these proposed amendments at the Illinois Department of Human Services' local offices located in each county (except Cook County). In Cook County, the amendments may be reviewed at the Office of the Director, Illinois Department of Public Aid, 100 West Randolph Street, Chicago, Illinois. The amendments may be reviewed at all offices Monday through Friday from 8:30 a.m. until 5:00 p.m.